

**ASSEMBLY, No. 172**

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**STATE OF NEW JERSEY**

**219th LEGISLATURE**

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PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

**Sponsored by:**

**Assemblyman HAROLD "HAL" J. WIRTHS**

**District 24 (Morris, Sussex and Warren)**

**Assemblywoman VALERIE VAINIERI HUTTLE**

**District 37 (Bergen)**

**Co-Sponsored by:**

**Assemblywoman Chaparro, Assemblyman Peterson, Assemblywoman B.DeCroce, Assemblymen Giblin and Space**

**SYNOPSIS**

Allows long term tax exemption extension for certain low-income housing.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT concerning long term tax exemptions on certain low-income  
2 housing, amending P.L.1983, c.530, and supplementing  
3 P.L.1991, c.431 (C.40A:20-1 et seq.).  
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:  
7

8 1. (New section) Notwithstanding the provisions of sections 12  
9 and 13 of P.L.1991, c.431 (C.40A:20-12 and C.40A:20-13) to the  
10 contrary, the governing body of a municipality may agree to  
11 continue a tax exemption for a State or federally subsidized housing  
12 project beyond the date on which existing first mortgage financing  
13 is fully paid so long as the project remains subject to affordability  
14 controls pursuant to:

- 15 a. project-based federal rental assistance, authorized pursuant  
16 to section 8 of the United States Housing Act of 1937 (42 U.S.C.  
17 s.1437f), or other federal or State project-based assistance;
- 18 b. the Uniform Housing Affordability Controls promulgated by  
19 the New Jersey Housing and Mortgage Finance Agency; or
- 20 c. the rent and income limits established by the federal Low  
21 Income Housing Tax Credit program pursuant to section 42 of the  
22 Internal Revenue Code (26 U.S.C. s.42).  
23

24 2. Section 37 of P.L.1983, c.530, (C.55:14K-37) is amended to  
25 read as follows:

26 37. a. It is the intent of the Legislature that in the event of any  
27 conflict or inconsistency in the provisions of this act and any other  
28 acts concerning housing sponsors or any rules and regulations  
29 adopted thereunder, to the extent of such conflict or inconsistency,  
30 the provisions of this act shall be enforced and the provisions of  
31 such other acts and rules and regulations adopted thereunder shall  
32 be of no effect.

33 b. The governing body of any municipality in which a housing  
34 project financed or to be financed by the agency is or is to be  
35 located may by ordinance or resolution, as appropriate, provide that  
36 such project shall be exempt from real property taxation, if the  
37 housing sponsor enters into an agreement with the municipality for  
38 payments to the municipality in lieu of taxes for municipal services.  
39 Any such agreement may require the housing sponsor to pay to the  
40 municipality an amount up to **【20%】** 20 percent of the annual gross  
41 revenue from each housing project situated on such real property  
42 for each year of operation thereof following the substantial  
43 completion thereof. For the purpose of this section, "annual gross  
44 revenue" means the total annual gross rental or carrying charge and

**EXPLANATION** – Matter enclosed in bold-faced brackets **【thus】** in the above bill is  
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 other income of a housing sponsor from a housing project. If any  
2 such agreement is entered into from the date of recording the  
3 mortgage on the project to the date of substantial completion of the  
4 project, the annual amount payable to the municipality as taxes or  
5 as payments in lieu of taxes in respect of the project site shall not be  
6 in excess of the amount of taxes on the project site for the year  
7 preceding the recording of the mortgage. Any agreement between  
8 any housing sponsor and a municipality pursuant to this subsection  
9 shall be submitted to the agency for review in order to avoid  
10 duplicating, overlapping or inconsistent regulations or provisions.  
11 Any exemption from taxation pursuant to the provisions of this  
12 section shall not extend beyond the date on which the eligible loan  
13 made by the agency on the project is paid in full.

14 c. Notwithstanding the provisions of subsection b. of this  
15 section to the contrary, the governing body of a municipality may  
16 agree to continue a tax exemption for a State or federally subsidized  
17 housing project, beyond the date on which the eligible loan made by  
18 the agency on the project is fully paid, so long as the project  
19 remains subject to affordability controls pursuant to:

20 (1) project-based federal rental assistance, authorized pursuant  
21 to section 8 of the United States Housing Act of 1937  
22 (42 U.S.C. s.1437f), or other federal or State project-based  
23 assistance;

24 (2) the Uniform Housing Affordability Controls promulgated by  
25 the New Jersey Housing and Mortgage Finance Agency; or

26 (3) the rent and income limits established by the federal Low  
27 Income Housing Tax Credit program pursuant to section 42 of the  
28 Internal Revenue Code (26 U.S.C. s.42).

29 (cf: P.L.1983, c.530, s.37)

30  
31 3. This act shall take effect immediately.  
32  
33

#### 34 STATEMENT

35  
36 This bill, permits a municipal governing body to extend long term  
37 tax exemptions granted to certain low-income housing projects.  
38 Specifically, the bill provides that a project that receives a State or  
39 federal rent subsidy at the outset, such as a Low-Income Housing Tax  
40 Credit, but remains subject to affordability controls after the original  
41 subsidy expires, may retain an existing long term tax exemption if the  
42 municipality agrees to the extension. The extended tax exemption  
43 time frame is limited to the number of years that the project remains  
44 subject to affordability controls pursuant to:

45 1) federal or State project-based assistance, such as Section 8 or  
46 State Rental Assistance Program funding;

- 1        2) compliance with the Uniform Housing Affordability Controls
- 2            promulgated by the New Jersey Housing and Mortgage
- 3            Finance Agency; or
- 4        3) rent and income limits established by the federal Low-Income
- 5            Housing Tax Credit program.

WITHDRAWN